Reasons for the industrial sickness in the country

1039. SHRI AHMED PATEL: Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that non-availability of raw materials, power shortage and financial bottlenecks are the primary reasons for the industrial sickness in the country;

(b) if so, the details thereof; and

(c) remedial measures Government propose to take in this regard to remove industrial sickness in the country?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) Data on sick industrial units assisted by Banks in the country is compiled by the Reserve Bank of India (RBI). According to the information from the RBI for the period upto 31.3.1995, a number of causes, both internal and external, often operating in combination, have been responsible for industrial sickness. These also include financial bottlenecks, power shortage and non-availability of raw materials. Their percentage share to total number of factors is estimated at 4.7%, 4.5% and 3.3% respectively.

(c) Government has taken a number of steps for revival of sick industrial units. Some of the important steps are given in the Statement.

Statement

Steps taken by Government for revival of sick industrial units.

The Government has enacted a comprehensive legislation namely 'The Sick Industrial Companies (special Provisions) Act, 1985'. A quasi-judicial body designated as 'The Board for Industrial and Financial Reconstruction (BIFR)' has been set up under the Act to deal with the problems of the sick industrial companies in an effective manner, which has become operational with effect from the 15th May, 1987.

(2) The Reserve Bank of India has issued guidelines to banks for strengthening the monitoring systems and for arresting industrial sickness at the incipient stage so that corrective measures are taken in time.

(3) Commercial banks have also been directed by the Reserve Bank of India to formulate rehabilitation packages for the revival of potentially viable units.

(4) The Reserve Bank of India has also issued guidelines to the banks indicating parameters within which banks could grant reliefs and concessions or rehabilitation of sick but potentially viable units without reference to RBI both in the large and small scale sector.

(5) Revival of sick industrial units is also facilitated by amalgamation/merger of sick units with healthy units. Tax benefits are given under Section 72(A) of the Income Tax Act, 1961 to the healthy company for revival of the amalgamating sick unit.

(6) Government has set up the National Renewal Fund which would inter-alia, provide for payment of compensation to workers affected by industrial restructuring.

(7) On the advice of the Government of India, the Reserve Bank of India has set up State Level Inter-Institutional Committees (SLIICs) in all States under the Chairmanship of Secretary, Industries Department of the concerned State Government for working out a rehabilitation package for revival of sick but viable small scale units.

(8) Financial assistance in the form of long term equity type assistance upto Rs. 2,50,000/- to units with a project cost not exceeding Rs. 10 lakhs at a nominal service charge of one per cent per annum is also available to potentially viable but sick small Scale industrial units from the National Equity Fund set up in August, 1987.

(9) The Small Industries Development Bank of India (SIDBI) has been established to function as an Apex Bank for tiny and small scale industries.

Financial performance of Hindustan Cables Ltd.

1040. SHRI NILOTPAL BASU:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of INDUSTRY be pleased to refer to the answer to Unstarred Question 2713 given in the Rajya Sabha on 2nd September, 1996 and state:

(a) the reasons for loss of profitability of Hindustan Cables Ltd. in 1995-96;